



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-3040

July 23, 1991

COMMAND, CONTROL
COMMUNICATIONS
AND INTELLIGENCE

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE
(CIVILIAN PERSONNEL POLICY/EQUAL OPPORTUNITY)
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(HEALTH SERVICES OPERATIONS)
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(LOGISTICS)
DIRECTOR, DEFENSE PROCUREMENT
DEPUTY COMPTROLLER (MANAGEMENT SYSTEMS)
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES
DIRECTOR OF INFORMATION SYSTEMS FOR C4,
U.S. ARMY
CHIEF OF CORPORATE INFORMATION MANAGEMENT
DIVISION (J6 JOINT STAFF)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTOR, DEFENSE MEDICAL SYSTEMS SUPPORT CENTER
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(C4I/EW/SPACE PROGS)
DEPUTY ASSISTANT SECRETARY (COMMUNICATIONS,
COMPUTERS & LOGISTICS), U.S. AIR FORCE

SUBJECT: Corporate Information Management (CIM) Business Case
(Functional Economic Analysis)

By supporting functional managers in streamlining business methods, DoD's corporate information management initiative will aid the Department in achieving the aggressive savings targets established by the Defense Management Report. To achieve the highest savings, CIM investments must be based on a functional economic analysis of business activities or operations.

The business case is a functional economic analysis to support CIM investment decisions. As CIM investment programs proceed, the business case is refined and updated. This ensures management accountability for costs and benefits and the continued viability of the investment. Technical program costs and benefits are elements of the total functional economic analysis.

The functional economic analysis follows and amplifies upon existing DoD economic analysis policy contained in DoD Instruction 7041.3, and is developed based on the following principles:

- Focus on business processes and mission activities.
- Ensure identification and evaluation of business alternatives prior to technical considerations.
- Establish traceability and auditability into budgets for mission and information system costs/benefits, validated by functional and financial managers.
- Provide consistency in the selection, calculation, and presentation of cost and benefit data.
- Adjust cost/benefit calculations to reflect the financial impacts of risk.
- Express benefits in cash terms so that realization of benefits can be monitored and audited.

Tools, training, and workshop support is being made available to assist in business case preparation. The attachment to this memorandum provides additional information.



Paul A. Strassmann
Director of Defense Information

Attachment